

No. 15294.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

SAFEWAY STORES, INCORPORATED,

Appellant,

vs.

SAFEWAY FURNITURE CO., INC., *et al.*,

Appellees.

APPELLANT'S REPLY BRIEF.

NORMAN S. STERRY,
HENRY F. PRINCE,
FREDERIC H. STURDY,
IRA C. POWERS,
JAMES R. HUTTER,
GIBSON, DUNN & CRUTCHER,

By NORMAN, S. STERRY,
634 South Spring Street,
Los Angeles 14, California,

Attorneys for Plaintiff and Appellant.

FILED

FEB 25 1957

PAUL P. O'BRIEN, CLERK

TOPICAL INDEX

	PAGE
Defendant advances neither reason nor authority in support of the decree of the District Court.....	2
(1) Defendant's advertisement	6
(2) Use of the name "Safeway" by others.....	7
(3) The fact that plaintiff so far has not been damaged by defendant's use of the name is no reason for allowing him and others to continue to use plaintiff's name.....	8
Conclusion	9

TABLE OF AUTHORITIES CITED

CASES	PAGE
Elgin National Watch Co. v. Illinois Watch Case Co., 179 U. S. 665, 45 L. Ed. 365.....	5
Fairway Foods v. Fairway Markets ("Fairway" case), 227 F. 2d 193	4, 6
Hanover Star Milling Company v. Metcalf, 240 U. S. 403, 60 L. Ed. 713.....	6
Richmond Remedies Co. v. Dr. Miles Medical Co., 16 F. 2d 598	5
Robert C. Wian Enterprises, Inc. v. Persinger ("Big Boy" case), 229 F. 2d 154.....	4, 5
Stork Restaurant, Inc. v. Sahati, 166 F. 2d 348.....	7, 8
Sun-Maid Raisin Growers of California v. Mosesian, 84 Cal. App. 485	8, 9

No. 15294.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

SAFEWAY STORES, INCORPORATED,

Appellant,

vs.

SAFEWAY FURNITURE CO., INC., *et al.*,

Appellees.

APPELLANT'S REPLY BRIEF.

Except in the two particulars noted, defendant concedes plaintiff's statement of the uncontroverted facts.

He disagrees with the statement in our Brief that the script and block letters of the word Safeway in the defendant's advertisements are the same as the plaintiff's. That contention is best answered by an examination of the advertisements themselves.

Defendant's second exception to plaintiff's statement of uncontroverted facts is that it contains the assertion that the secondary meaning which the court found attached to the word "Safeway" indicated not only plaintiff and its chain of stores but "the retail business conducted by plaintiff," pointing out that the court only found Safeway's secondary meaning "as indicating the chain of stores operated by the plaintiff" [R. 71-77].

We cannot conceive, and defendant does not inform us, how a secondary meaning could indicate the stores operated by plaintiff without indicating the retail business conducted in such stores.

The most salient of the uncontroverted facts set out in our Brief* which defendant concedes to be true are:

“That in 1926, plaintiff’s predecessors adopted the arbitrary, coined and distinctive trade name ‘Safeway’ for use by them and their affiliated retail stores and in their various advertisements” (B. 5-6); that at least since December 31, 1942, “all stores operated in California by plaintiff were operated solely under the name of ‘Safeway,’ all stores’ signs and advertising being conducted under that name” (B. 6); *that the name had acquired a secondary meaning throughout California as indicating the chain of stores operated by plaintiff*; that defendant at all times knew of this secondary meaning, defendant testifying that prior to the suit he had not known any other name for plaintiff than “Safeway” (B. 6).

Defendant Advances Neither Reason nor Authority in Support of the Decree of the District Court.

In our Opening Brief, pages 22 to 25, we argued,—we believe quite conclusively—that the parties actually were in competition notwithstanding the great bulk of plaintiff’s sales was food. We pointed out that in addition to such merchandise, plaintiff in its Los Angeles Division had always sold certain items of household equipment and in many other Divisions for a long time had

*We will refer to our Opening Brief with the letter “B.” Also, as in our Opening Brief, all emphasis throughout will be ours unless otherwise noted.

been selling certain lines of household furniture, and intended to sell such articles in its Los Angeles Division. We contended that to hold that the parties were not in competition because at present the household furniture and equipment sold by plaintiff was not precisely the same as that sold by the defendant would unduly limit plaintiff's expansion of its business, and further, defendant could easily add to his lines the same articles of household furniture that plaintiff was selling and would undoubtedly do so if plaintiff built up a good will for them.

We further contended, pages 26 to 27, that in any event the Court was grievously in error in holding that the protection to be afforded plaintiff's trade name was limited to the sale of groceries and meats since it was well known that today most food markets sell many lines of non-food items, including furniture. The Court declined to allow us to prove that fact upon the ground that it was immaterial but in so holding the Court stated

"I know the tendency of most of the supermarkets *is to go in all lines of business*. In fact, there are even some who are selling clothing" [B. 26; R. 116].

On page 5 of his Brief, defendant says:

"In the case at bar, the plaintiff tried to prove confusion but the evidence and findings clearly established there was no confusion" (D. B. 5).

No Record citation is given, nor could one be.

Plaintiff made no effort to show any actual confusion, pointing out (B. 44) that under the circumstances of the instant case confusion at the customers' level would be almost impossible to show, citing well considered cases supporting that view. We did, however, attempt to in-

troduce expert testimony that the method of defendant's advertising would inevitably lead to confusion. The Court, however, refused to permit this evidence [B. 58-59, 95-97; R. 169-170].

The defendant, entirely ignoring the foregoing contentions of the plaintiff,—we believe because he could find no answer to them—places his principal defense of the decree appealed from upon his assertion: (1) That the parties were not in competition; (2) There was no showing of any actual confusion.

The defendant does not attempt to show that under the unbroken line of decisions of this Court and the California courts, cited on pages 32 to 48 of our Brief, neither competition nor a showing of direct confusion is necessary.

The only decisions defendant cites are: *Robert C. Wian Enterprises, Inc. v. Persinger* ("Big Boy" case), (9th Cir. 1955), 229 F. 2d 154, and *Fairway Foods v. Fairway Markets* ("Fairway" case), (9th Cir. 1955), 227 F. 2d 193.

It was upon these two cases that the court below decided that this Court, in disregard of its previous decisions and subsequent decisions to the contrary, and in disregard of the controlling settled law of California, held that it was necessary to show competition and confusion.

The two cases are considered in our brief, pages 34 to 38, where we showed that the only implication of the *Big Boy* case was that competition was not necessary; that in the *Fairway* case this Court was dealing with a case where the parties were in entirely different sections of the country, the plaintiff in the midwest and the de-

fendant in California, and the use of similar names by the parties had no impact upon either. Also, that in the *Fairway* case, this Court, by citing and quoting with approval from the *Yale* case, unmistakably indicated that its decision had no reference to cases where the parties were operating in the same territory.

Aside from the *Big Boy* and *Fairway* cases, defendant cites only three other cases, two of which are *Elgin National Watch Co. v. Illinois Watch Case Co.* (1901), 179 U. S. 665; 45 L. Ed. 365; and *Richmond Remedies Co. v. Dr. Miles Medical Co.* (8th Cir. 1926), 16 F. 2d 598. In the second case it was held, and in the *Elgin Watch* case stated by way of dicta, that in order to prevent one from palming off his goods as those of another, even a wholly descriptive trade name incapable of registration as a trade name would be protected if it had acquired a secondary meaning. By no stretch of the imagination can either decision be held to even intimate that a trade name, having acquired a secondary meaning,—especially a unique or coined one,—cannot be protected to prevent dilution or to prevent a newcomer from trading upon the value which has been given to it by its appropriator, even if he does not thereby dilute the value of the name or damage the first appropriator.

The only other citation is to an unreported opinion of the Superior Court of Los Angeles. An examination of the opinion in that case shows that an injunction was denied because the court found that the plaintiff's name was purely descriptive of the work which both parties were doing *and had not acquired a secondary meaning.*

(1) DEFENDANT'S ADVERTISEMENT.

On page 2 defendant states the second question involved is whether he advertised in such a manner as to convey the impression that the defendant had any connection with the plaintiff. However, he does not include that question in his argument. The suggestion is wholly erroneous.

Defendant does not contend that in all of his advertisements the word "Safeway" was not the *dominant word*; nor does he attempt to answer our argument that his obvious purpose in so advertising was to gain some advantage to himself from the enormous good will which plaintiff had given to its trade name. This in itself is a fraud upon both the plaintiff and the public even though the plaintiff suffers no monetary loss from it or the public is not led to believe that the defendant is connected with the plaintiff.

In *Hanover Star Milling Company v. Metcalf* (1916), 240 U. S. 403, 415; 60 L. Ed. 713, 719, upon which the decisions in the *Fairway* case of both this and the District Court were based, the Supreme Court said:

" . . . In the ordinary case of parties competing under the same mark in the same market, *it is correct to say that prior appropriation settles the question*. . . . but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant; unless, at least, it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, *such as to take the benefit of the reputation of his goods*, to forestall the extension of his trade, or the like."

Hanover Star Milling Company v. Metcalf, 240 U. S. 403, 415; 60 L. Ed. 713, 719.

(2) USE OF THE NAME "SAFEWAY" BY OTHERS.

The use by others of the name "Safeway" is fully considered in our Brief at pages 60 to 66 where we cited an unbroken line of decisions by this Court and those of other jurisdictions that a newcomer in a field cannot justify the use of another's trade name because others may also be trespassing on plaintiff's right by using it.

While the defendant now does not contend to the contrary, he suggests that there is no danger of diluting the value of plaintiff's trade name because of the fact that the evidence showed that during the last thirty-one years a number of other concerns had included the name "Safeway" in their names.

Defendant certainly can find no comfort from the fact that such use by others so far has not diluted the value of plaintiff's trade name. Defendant does not attempt to controvert our showing that the records of the County Clerk and telephone directories showed that those using "Safeway," with one or two possible exceptions of very minor establishment, were not retailers of merchandise, nor does defendant in any way challenge our contention that the evidence was uncontradicted, that no one other than the defendant has so far attempted to advertise its business under the name of "Safeway"; that if defendant is permitted to continue not only the use of but the advertising of his business under that name, any and all other retailers can do the same, with the certain result that the value of plaintiff's trade name will be greatly reduced if not destroyed.

Nor does defendant attempt to show that the decision of this Court in the *Stork* case (9th Cir. 1948), 166 F.

2d 348, 357, which we quoted on page 69 of our Brief, is not applicable:

“‘. . . There is no merit in the contention that a court of equity will not afford protection to the plaintiff’s trade-mark or *prevent its good will from being nibbled away by unfair competitors*.’”

- (3) THE FACT THAT PLAINTIFF SO FAR HAS NOT BEEN DAMAGED BY DEFENDANT’S USE OF THE NAME IS NO REASON FOR ALLOWING HIM AND OTHERS TO CONTINUE TO USE PLAINTIFF’S NAME.

In his conclusion defendant states:

“‘. . . there was no proof that the use of the term Safeway Furniture Co. depleted the value of plaintiff’s name. In fact, the testimony of the plaintiff [R. 43] shows that its sales have increased despite the use by defendant of the name Safeway Furniture Co.’” (D. B. 7.)

In the case of *Stork Restaurant, Inc. v. Sahati* (9th Cir. 1948), 166 F. 2d 348, 359, this Court said:

“The appellees stress the fact that the appellant has failed to show ‘that appellees’ operation in any way has injured appellant,’ etc.

“Neither under the California jurisprudence nor under the general law is such showing necessary. *The California decisions, indeed, are overwhelmingly in accord on this point.*”

Stork Restaurant, Inc. v. Sahati, 166 F. 2d 348, 359.

As shown in our quotation from the decision of the California Supreme Court in *Sun-Maid Raisin Growers of California v. Mosesian* (1927), 84 Cal. App. 485, 497-

498; 258 Pac. 630, 635, set out on page 47 of our Brief, the Court said:

“‘. . . The owner is not required to wait until the wrongful use of his trade-mark has been continued for such a length of time as to cause some *substantial pecuniary loss.*’”

*Sun-Maid Raisin Growers of California v. Mo-
sesian*, 84 Cal. App. 485, 497-498; 258 Pac.
630, 635.

Conclusion.

We respectfully submit that defendant's Brief suggests no reason for the affirmance of the decree appealed from unless this Court is willing to disregard and overrule all of its many decisions and to disregard the mandatory statutes of California and the uniform decisions of the courts of this State.

We further respectfully submit that to hold that where a retailer has appropriated a distinctive and coined name which has obtained a secondary meaning of immense value, to allow any and all other retailers not selling precisely the same line of merchandise to use precisely the same name or a confusingly similar one, would be to destroy the value of trade names.

All of which is

Respectfully submitted,

NORMAN S. STERRY,
HENRY F. PRINCE,
FREDERIC H. STURDY,
IRA C. POWERS,
JAMES R. HUTTER,
GIBSON, DUNN & CRUTCHER,

By NORMAN S. STERRY,

Attorneys for Plaintiff and Appellant.